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## FROM COUNSEL

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A Preventive Law Service of The Office of The Judge Advocate General  
*Keeping You Informed On Personal Legal Affairs*

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### *Servicemembers Group Life Insurance*

Life insurance is a way to provide financial protection for your family or loved ones when you die. Servicemembers are automatically enrolled in the Servicemembers Group Life Insurance (SGLI) program. Below are some frequently asked questions and useful facts about both the SGLI and life insurance in general:

**Q. Do I need life insurance? (Do I really need my SGLI?)**

A. If you are a Servicemember, you automatically have \$400,000.00 in coverage for less than \$30.00 per month, with no application process. The policy pays your beneficiaries in the event of your death at any time during your service and up to 120 days after your discharge. Only you can decide if those you leave behind would benefit. One thing to remember is that naming someone as a beneficiary on your life insurance may be very meaningful to that person as he or she grieves. And as the saying goes, “you don’t know what you don’t know.” Unanticipated expenses, related or unrelated to your death, could easily arise. Finally, it is important to remember that **if you do reduce or decline coverage, you must *apply* to have coverage increased or reinstated** in the future. While it is up to you, your best bet is to just keep your SGLI in place at the maximum benefit so it will be there for you later.

**Q. Does SGLI cover me if I die off duty... or even “not in the line of duty?”**

A. The short answer is yes. The SGLI covers you all the time you are in service and up to 120 days after discharge (there are special rules for the reserve component but in general, coverage is every day, not just during battle assemblies or “drill.”). The coverage provided by the SGLI program will be forfeited only under the following very specific and rare conditions: When an insured member is found guilty (after a criminal trial) of mutiny, treason, spying, or desertion, or refuses, because of conscientious objections, to serve or to wear the uniform. Insurance will also not pay in the case of a person lawfully executed by a government, unless that government is an enemy of the United States.

**Q. How much life insurance should I buy?**

A. If you are a Servicemember, you are automatically covered for the maximum amount. As of right now, that amount is \$400,000.00- probably enough coverage for a Soldier with no dependents, or with a spouse only. If you have many expenses or dependents, you might decide that you need more, in which case you will need to apply for an additional policy. Everyone’s financial situation is different. If you have questions about what your family may need were you to pass away suddenly, speak to a financial counselor. The Army provides this service free of charge through Army

Community Service. Learn more at the MyArmyBenefits website- search “Financial Readiness.”

**Q. I feel that I need more coverage. What kind of commercial insurance is best for me?**

A. There are two types of life insurance - term and permanent. *Term* is temporary insurance for a specific time period. You pay a set premium for the term, such as 5, 10, or 20 years, and if you do not die during that term the policy expires. *Permanent* insurance differs from term in that it does not end on a certain date. Generally speaking, term premiums are lower in the beginning but increase over time, while permanent premiums are higher in the beginning but remain unchanged over time. Both types will require an application which will most likely include a physical exam. Commercial permanent insurance is a type of investment; it will accrue a cash value. However, unless you are very investment-savvy, don't purchase life insurance as an investment; concentrate instead on your estate planning needs.

Helpful sites:

[MyArmyBenefits Financial Readiness](http://myarmybenefits.us.army.mil/Home.html) (navigate to MyArmyBenefits at <http://myarmybenefits.us.army.mil/Home.html>; search Financial Readiness).  
[Department of Veterans Affairs life insurance home page](http://www.va.gov/) (navigate to the Department of Veterans Affairs site at <http://www.va.gov/>; search “life insurance.”).

**Q. Who receives my life insurance when I die?**

A. You name your beneficiaries. The person(s) you name will receive the face amount. If, however, your beneficiaries are minor children, the insurance company will not pay the proceeds to them, but to a guardian or trustee if you established a trust. You should discuss beneficiary designations with your attorney when you are reviewing your estate planning needs (e.g., will, advance medical directive, power of attorney, health care power of attorney, organ donation).

**Want to know more?**

Visit one or more of these web sites to learn about life insurance or to use a life insurance needs calculator:

<http://www.naic.org>, National Association of Insurance Commissioners (NAIC) site. In addition to consumer-oriented information, the site includes links to find state insurance regulators.

<http://www.insweb.com>, an online insurance marketplace for consumers to shop for a variety of insurance products. The site includes an interactive Insurance Learning Center.

<http://www.quicken.intuit.com/>, Insurance Quotes section offers information on different types of insurance, and contains online insurance planners to help decide needed coverage.

<http://www.life-line.org/>, an educational site for consumers to learn about life, health, and disability insurance, by LIFE, a non-profit organization.

<http://www.usaaedfoundation.org/insurance/index.asp>, insurance collection from USAA Education Foundation. Information on auto, homeowners, health, and life insurance, and many downloadable publications.

<http://www.youdecide.com>, Accesses YouDecide.com's Insurance Center, for online insurance information on auto, home, renters, RV, marine, pet, cross border auto, disaster, mortgage protection, term life, and health insurance.

Remember, these links are for your convenience and information, and are not an endorsement of the site, its content, or any products or services shown on such site(s). As with any online sites that offer to sell you something, you should shop around to find the best deal.

Consult legal assistance for advice on your policy, coverage, or related insurance questions.

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